



MECHANICS OF A BOND SALE DEVELOPING A DEBT MANAGEMENT POLICY

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Introduction

- Why waste your time with a policy
- Why you really do need one
- Getting Started
- What your policy should contain



Is It Worth The Effort?

- Policies just get in the way
- They restrict flexibility (spontaneity)
- Time consuming to develop
- Hard to modify
- Does anyone really pay attention to them



You Better Believe It!!!!!!

- The reality is, POLICIES ARE GOOD!!
- They provide the framework for many decisions
- How do you know where you want to go without them
- How do you know what's acceptable to the governing body
- Long term it makes your life easier
- Rating Agencies promote them



You Better Believe It!!!! (cont.)

- Great way to communicate to others
- It's the basis for your Road Map
- Clear, Concise and Thorough Policies Should Be An Integral Part of Your Professional Life
- **IT IS GOOD FINANCIAL MANAGEMENT!!**



Getting Started

- CHEAT!!!!
- Don't reinvent the wheel
- Review policies developed by others
- Understand what is important to you
- What is your comfort level
- What is your council's comfort level
- What is important to the rating agencies



Getting Started (cont.)

- Know what you know and know what you don't know

- **FOUR SIMPLE QUESTIONS**

- Can you explain your policy
- Can you defend your policy
- Do you believe in your policy
- Can you live with your policy



What Goes Into Your Policy

● An Overview

- What is your policy designed to do
- Affirm your intent to comply with State, Federal and local laws
- Affirm your intent to comply with securities law

● Creditworthiness Objectives

- Minimum credit ratings on your debt
- Use of and relationships with rating agencies
- Use of credit enhancements



What Goes Into Your Policy

(cont.)

- Purpose and Need for Debt
 - Recognize that you may have competing projects
 - Asset life
 - Cost-benefit Analysis of Project
 - Sources for repayment of debt
- Affordability Targets
 - Debt per capita
 - Debt as a percent of taxable value
 - Debt service payments as a percent of current revenues and current expenditures
 - The level of overlapping net debt of all local taxing jurisdictions



What Goes Into Your Policy

(cont.)

● Types of Debt Permitted

- General Obligation Bonds
- Revenue Bonds (what types)
- Certificates of Participation
- Tax Allocation Bonds
- Special District Tax Bonds
- Tax Revenue Anticipation Notes
- Etc.



What Goes Into Your Policy

(cont.)

- Structure and Term of Indebtedness
- Method of Issuance and Sale
- Selection of Financing Team
- Refunding Guidelines
- Use of Credit Enhancements
- Use of Derivative Products
 - If yes, separate derivative policy



THANK YOU